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Dear Jack,

I appreciate your taking the time, with Steve Palmer and Bob Stout, to meet with Barbara Wiseman of The Earth Organization and me by phone today to discuss the possible use of OSE II by BP in the Deepwater Horizon oil blowout. The information you have given us in both our earlier meeting that included Tom Milch of Arnold and Porter, and today's will be a great help in our continued efforts, through the Gulf States and the US Congress, to achieve a reversal of the EPA/RRT's decision to not utilize bioremediation/OSE II for this oil blowout.

When Barbara asked if you had heard back from your science group yet regarding their review of the documents you earlier requested we send them, I was pleased to hear that there had been several meetings/discussions about OSE II at BP and with your scientists, and that our information was "acceptable and the documents were fine."

Your statement that what BP is bumping up against, and what is preventing BP from further pursuing the implementation of OSE II is the government's decision on June 3, 2010 to deny the use of bio remediation/OSE II on this particular event. Your statement reiterated what the email from Mike Brien (BP's General Manager of Federal and International Affairs) stated on June 3, 2011 in which he informed me that BP was requesting OSE II to the RRT. At that time, in contradiction to the fundamental purpose of the EPA/RRT, BP was denied the use of OSE II to protect the U.S.'s natural resources. I do have to say that I was surprised by your statement that with the EPA's/RRT's decision in place, that "BP is bound by it, and beyond that, I'm not sure what there is to say."

This is a remarkable statement, as it delineates a set of circumstances that are not in BP's favor. BP made a request to switch to a more effective, non toxic alternative that was denied by the EPA/RRT, leaving BP in the position of being forced to suffer the burden of

paying for all the adverse impacts from the wholly inadequate cleanup response with mechanical, and dispersant methods. If my company was faced with having to pay billions in clean up costs, natural resource damages, economic distress payment's and litigation, I would have fought this decision with all I had, even to the point of filing suit against them to make them culpable for only allowing you to carry out failed responses that are adversely affecting BP's bottom line. It seems that BP could demand the right to protect themselves and their shareholders.

Although I asked the question in our call, Stephen Palmer's reiteration that you are bound by the government's decision did not clarify exactly *why* BP is not more forcefully pursuing a reversal of the government's decision to deny it the use of a non-toxic and remarkably more effective cleanup method. It is interesting to note that Governor Jindal had a fast track team headed by Dean Mallory of Lafayette University with PHD's from LSU, Tulane University, LA DEQ members, and others who deemed that OSE II had merit to be used on the BP DWH. This review then prompted Governor Jindal to ask for a demonstration on the Chandelier Islands on May 6th, 2010. We were, literally, on the tarmac about to get on the helicopter that Governor Jindal had sent for us to take us out to the demonstration site when the EPA/RRT VI stopped us with threats of future negative consequences to my company if we proceeded, but with no actual reasons given as to why. The Governor represented the State of Louisiana, an obvious stakeholder in the disaster.

Then BP, as the responsible party, followed up less than a month later with its own request for the use of OSE II, and EPA/RRT VI denied the use of OSE II again. This, again, begs the question "Why?", since 1) the EPA themselves had already used OSE II successfully on a major water spill, 2) the EPA knew, first hand, of the 100's of successful clean ups performed by the US Navy in San Diego Bay, with no adverse side effects, and 3) BP has used OSE II successfully on at least 3 occasions that we know of.

The fact that you gave them information and requested OSE II, along with their subsequent denial, should allow BP to file suit against them, making them culpable for forcing BP to endure the adverse financial and public relations resulting from the inadequate cleanup response and the subsequent devastation to the economy of the Gulf Coast, all of which could have been prevented with the use of OSE II. The EPA's actions are, at the very least, violating their own charter, which states they are to protect the natural resources of the United States of America, and the health, safety and welfare of the people. How could there not be some recourse in all of this for BP to be able to switch to an effective, non-toxic cleanup response method?

In case you are not already aware of this, there were three states' senators - from Louisiana, Mississippi, and Alabama - as well as the City Council of Destin, Florida who all saw effective demonstrations of OSE II, and then made formal requests for its immediate use on the Deepwater Horizon oil. The EPA/RRT just ignored these stakeholders as though they were of no importance; so their actions against BP should not be a complete surprise.

When I stated in our call that they should not be allowed to hamstring any responsible party to a response that is not in your best interests and that if they are forcing you to do something that violates their own rules, then they can't hold you responsible for the after

effects of using that response, I must admit that I find it hard to believe that BP would allow the EPA/RRT to put them in this position and that, as you reiterated several times, you feel “bound by it.”

I assume that you know the history of Corexit and that the EPA/RRT have not only shown bias towards one product (Corexit 9527 until BP switched to Corexit 9500 in this spill), but have given one company a monopoly in the field of oil spill cleanup on U.S. navigable waters for the past 21 years, despite the fact that the product has never proven to clean up anything at all, and that it only exacerbates the problems of a spill. This reality has certainly been repeated and underscored in BP’s DWH oil blowout.

As I mentioned in our call, my corporation has made a formal request for pre-approval or the necessary permits and or authorization for OSE II for the Gulf States and/or BP to be able to utilize it to protect the natural resources of the Gulf. The EPA RRT VI representative, Mr. Reagan Boyles from the Association for Prevention Response Branch Region VI, just sent me a rather incoherent letter in response, quoting regulations he has apparently not read because they very precisely show that the EPA/RRT is not following their own regulations. I am in the process of addressing his letter and with that, combined with some other actions we are taking, I believe approval for the use of OSE II is eminent.

I was pleased when you stated that if we “handle the government on this and get them to change their decision, we’re happy to look at this further.”

As I stated, we will continue to follow this pathway because I believe that the federal government is going to acquiesce on this stance because they have proven that the combination of dispersants and mechanical cleanup has allowed enormous natural resource damage that could have been prevented and the spill in the gulf is just one more demonstration of this. As I said, we will continue to defend BP’s position for them: that you tried to switch to a non-toxic more effective response - we have written documents to prove this - and you weren’t allowed to. We’ll continue to discuss this with Congress and others, as well.

There is one thing I want to clear up from our conversation. When Barbara asked you to clarify the point that if we do handle the government on this, would BP then be willing to move forward and implement OSE II, you stated that if the government changes its mind and decides that bioremediation is workable at this time BP “would evaluate what is available.” The point I want to make clear is that the OSEI Corporation is not requesting the use of bioremediation; we are requesting the authorization of OSE II for the BP DWH blowout and the pre approval of OSE II.

The OSEI Corporation’s request for pre approval and authorization was just supported greatly by the U.S. Department of Interior BOEMRE’s testing of OSE II for Nantucket sound. This recent study, performed by BOEMRE and the RRT natural resource trustee demonstrated and proved three key points: 1) while mechanical means could skim oil, it never gets more than somewhere between 2 to 8%, leaving behind 92 to 98% of the oil to adversely impact the environment; 2) dispersants are effective at sinking oil until the water temperature cools, at which time they are not as effective at sinking oil; however,

the end point of dispersant use is having to address the same oil twice after it has sunk and then comes ashore; 3) OSE II is the best response, which will now allow them to authorize and pre-approve OSE II with the RRT. We also believe this will help get OSE II plugged into the spill response plans for the oil rigs that BOEMRE permits.

It is extremely important, in the field of oil spill cleanup, to understand that there is only one first response bioremediation product that has been successfully developed that does not introduce non-indigenous bacteria into the environment, and that product is OSE II. There is only one product the EPA has peer reviewed and tested that has shown to be effective in an estuarine environment, and once again that is OSE II. So, when we get the government's authorization and/or pre approval status, the only product that will be available to BP will be OSE II, which, again, BP has already requested for use or demonstration of twice to the EPA/RRT VI.

I made a point towards the end of our discussion that OSE II is already approved in numerous other countries. Some have pre-approved it; others approve it whenever it is needed. It is not mere conjecture that OSE II can save BP millions, if not billions of dollars in your refineries on incidental spills, blowouts and pipeline breaks. In other countries where there is, apparently, more government interest in actually cleaning up the environment after a spill, we are saving millions of dollars in cleanup costs and potential future litigation costs for the responsible parties. So, even if the EPA will not allow OSE II on U.S. navigable waters for now, BP is not restricted from its use in most other countries.

It was encouraging to hear your response that you were "delighted to hear this as it opens up the possibility that bioremediation could be used when needed" and that "Anything that saves us money we should pursue." I want to follow up on your suggestion to keep in touch with folks at BP. I would appreciate it if you could let me know who in BP and which departments I should relay the information to that OSE II could help mitigate spills more effectively, while saving BP very significant amounts of money. I will also advise BP personnel in other countries with whom I have already had discussions of your advice.

Jack, as I stated, we will keep you informed of our progress with the EPA/RRT VI, and any progress with the states. Once again, we appreciate the chance to discuss these vital issues with you and your associates. We look forward to helping BP in other countries, and, hopefully, in the future, here in the U.S.

Sincerely,

Steven Pedigo

Chairman/CEO OSEI Corporation